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Attorneys for Chapter 7 Trustee
 GEOFFREY RICHARDS

UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF CALIFORNIA

In re:)	NO: 13-22346-C-7
)	
)	DC No.: HCS 2
)	
J. PEDRO ZARATE,)	CHAPTER 7 TRUSTEE GEOFFREY
)	RICHARDS' MOTION TO
)	COMPROMISE CONTROVERSY
)	
)	Date: March 25, 2014
)	Time: 9:30 a.m.
)	Place: Department C
)	The Honorable Christopher M. Klein
Debtor.)	

Chapter 7 Trustee Geoffrey Richards moves for authorization to compromise the lawsuit entitled *Sterling Bank v. Pedro Zarate, et al.*, San Joaquin County Superior Court Case No. 39-2012-00282906-CU-OR-STK (the "Lawsuit"), against the Debtor. In the Lawsuit, the Bank is seeking specific performance under a promissory note entered into between the Debtor and Bank on November 7, 2001. In the Lawsuit, the Bank sought the appointment of a receiver with respect to real property located on East Lindsay Street, Stockton, California (the "Real Property"), that was security for a commercial loan that the Bank's predecessor (Sonoma National Bank) made to the Debtor on November 7, 2001, in the amount of \$85,750 (the "Note").

1 The Debtor has filed a second amended cross-complaint (the "Cross-Complaint"),
2 in which he is seeking damages for 10 causes of action summarized as follows: fraudulent
3 inducement; breach of fiduciary duty; declaratory relief as to property interest; slander of title;
4 improper foreclosure; and quiet title (the "Claims").

5 The controversy is whether the Bank is liable to the bankruptcy estate under the
6 Cross-Complaint.

7 Under the proposed compromise the Bank will pay the estate \$20,000 to settle the
8 Claims and to purchase all of the bankruptcy estate's right, title, and interest in and to the
9 Claims. The Trustee's sale of the Claims to the Bank will be free and clear of all liens, claims, or
10 interests to the fullest extent provided by applicable bankruptcy law. In return, the Trustee will
11 dismiss the Cross-Complaint and will not seek any additional relief from Bank on account of the
12 Cross-Complaint.

13 Mr. Richards believes the compromise is in the best interest of the estate and the
14 Court should approve it under Federal Rule of Bankruptcy Procedure 9019(a) and grant such
15 other relief as is just and proper.

16 Dated: February 25, 2014

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17 By: /s/ Dana A. Suntag
18 DANA A. SUNTAG
19 Attorneys for Chapter 7 Trustee
20 GEOFFREY RICHARDS
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